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# NEWS

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## FULFILL CIVIL SERVICE REFORM IDEAL IN CENTENNIAL YEAR, OPM DIRECTOR URGES

(MIAMI, FLORIDA)---A comprehensive package of reforms designed to fulfill the promise of civil service reform was described here today by Donald J. Devine, Director of the U.S. Office of Personnel Management (OPM).

"What better opportunity to provide major reforms in the civil service system than during its centennial year," Devine said. "As President Reagan declared in his Civil Service Centennial Proclamation, the Pendleton Act, which created the civil service in 1883, is 'based upon merit principles, the goal being to hire the most capable and qualified people to do the public's work.'

The reform package, which was developed at OPM, contains proposals which have been included in the Reagan Administration's FY 1984 budget, as well as items which have been developed by the agency but are not yet formally approved by the President. Devine said they are "based upon and fulfill the promise of the Civil Service Reform Act of 1978, which was passed by Congress during the previous administration. These reforms are built upon that Act's purpose: to make performance the most important factor in making personnel decisions, and to make the Federal Government's personnel practices more consistent with those of the private sector, where the vast majority of the American people work. This is a purpose which unites two presidential administrations, two political parties and the American people."

The reform package consists of several major elements, including: a pay-for-performance system which would cover 1.4 million general schedule (GS) Federal employees, reforms of the Federal Government's pension system and its employee health insurance program, and proposals involving overtime rules and the scope of bargaining in Federal labor-management relations.

Director Devine noted that "most people in the Federal community are familiar with the Merit System Principles (2, 8 and 9) which provide essential Federal employee protections. Less well-known are those principles which

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require that 'selection and advancement should be determined solely on the basis of relative ability, knowledge and skills, after fair and open competition which assures that all receive equal opportunity.' (1), that 'appropriate incentives and recognition should be provided for excellence in performance,' (3), 'requiring high standards of integrity, conduct and concern for the public interest,' (4), 'that employees should be retained on the basis of the adequacy of their performance, inadequate performance should be corrected and employees should be separated who cannot and will not improve their performance to meet required standards,' (6), and that training should be provided where it 'would result in better organizational and individual performance,' (7).

"The essential thrust of these Merit Principles, which undergird the entire civil service system, is that Federal employees should serve the public interest through performance and efficiency. The reforms now being advanced by OPM are based upon those principles.

"For example, OPM's proposed Performance Based Incentive System (PBIS), which is awaiting the signature of the President, would put 1.4 million Federal employees in a pay-for-performance system for the first time. This proposal would move the Federal Government from a system in which within-grade raises are automatically awarded to a system in which the best performers in the work force receive the largest raises. This proposal translates Merit Principle 3 into reality through the pay system.

"Our related proposal for reforming the reduction-in-force (RIF) rules in the government would emphasize performance over seniority when Federal employees are separated due to budget or organizational needs, as is required by Merit Principle 6. This reform would recognize that performance is the essential merit element and that the Federal Government can no longer afford to separate its best people, as is too often the case in the present irrational RIF system. Placing more emphasis upon performance than on seniority will give women and minorities in the Federal work force who've proven themselves to be good performers a much better chance of keeping their jobs rather than being separated because they lack seniority.

Describing a far-reaching proposal for reforming the Federal retirement system, which is part of the Administration's 1984 budget package, Devine said it was crucial that the government "arrest sharply escalating costs of civil service pensions, and return the system to its intended purpose of being supported equally by Federal employees and the government. Right now, the system has an unfunded liability of one-half trillion dollars, and 85% of the income into the retirement fund comes from the taxpayers. Only this huge subsidy from the treasury keeps the Civil Service Retirement System from collapsing. While a lot of attention has been focused on the Social Security System's problems lately, the Federal pension system has been going out of financial control much more quickly. Social Security outlays grew 1,209 percent between 1960 and 1981, while government contributions to the Civil Service Retirement system have grown 2,351 percent.

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"This inequity is resented by many citizens working in the private sector. Federal employees must realize that something must be done to control the Federal pension system's costs, and to make the benefits it provides more consistent with those in the private sector. The vast majority of taxpayers, who must work until they are 65 before they can retire at a full pension, should not be asked to bear the tremendous financial burden of supporting a Civil Service Retirement System which allows a Federal employee to retire at 55 with full benefits.

"The Federal Employees Health Benefits Program proposal described in the Reagan Administration's FY 84 budget introduces greater employee choice in selecting health insurance benefits by instituting a market-type 'voucher system.' It would give insurance companies strong market-oriented incentives to control costs to remain competitive and would encourage employees to sign up for plans which offer lower rates in exchange for cost-sharing features.

"Other OPM proposals, which are in the final stages of consideration in the executive branch, would aim at focusing Federal labor-management relations on ways of promoting greater efficiency and more productive use of human resources in government, and would make Federal overtime pay rules more consistent with private sector practices. In another area, supervisors' pay differentials would be increased to correct a long standing inequity for federal blue collar foremen.

"I call upon all Federal employees to take these reform proposals seriously, and hope that they will not choose to oppose them blindly. Change never comes easily, but these are necessary changes, needed to successfully bring the institution of the civil service into its second century. Few institutions survive for a century, and none do so without adjusting to change. These reforms will provide the foundation upon which the Federal personnel system will operate for many years to come, and will enable this institution to survive to celebrate the bicentennial of the Civil Service in the year 2083," concluded Devine.

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